

## *Conflict of Interests Policy*

<b>ENTER TO EFFECT</b>	<b>16/09/2013</b>
<b>LAST AMENDED ON</b>	<b>27/07/2018</b>
<b>Line Managers or departments involved</b>	<b>Compliance</b>
Legal requirements	<p>In preparing this Policy, SELECTRA Management Company (“SMC” or “ManCo”) has endeavoured to align its procedures with the relevant legal requirements and current best practice. In particular, this Policy is designed to satisfy the requirements of:</p> <ul style="list-style-type: none"> <li>- CSSF Regulation 10-4;</li> <li>- CSSF Circular 12/546;</li> <li>- AIFM Law 12<sup>th</sup> July 2013</li> <li>- Law of 17 December 2010 on UCITS</li> <li>- Level 2 Delegated AIFM Regulation (“Commissions Delegated Regulation EU 231/2013”)</li> </ul> <p>According to the legislation, SMC shall:</p> <p>i) Establish, implement and maintain an effective conflicts of interest policy;</p> <p>ii) Keep at its registered office and regularly update a record of the types of the situations which may give rise to a conflict of interests;</p> <p>iii) Inform investors about the situations where the organisational or administrative arrangements made by SMC to manage conflicts of interest have not been sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Fund or its unit holders will be prevented.</p>
Aim	Avoid conflicts of interests and manage them when they can’t be avoided.
Content	Identification, management and disclosure of conflicts of interest.
Accessibility	<p>Paper and digital copy of this procedure is accessible to all employees at the registered office of SMC.</p> <p>Paper and digital copy of the conflicts of interests register is kept at the registered office of SMC and is available to all employees.</p>
Updating / Review	In the following cases:

	<ul style="list-style-type: none"> <li>- Change of person responsible for managing conflicts of interest;</li> <li>- Change of applicable legislation;</li> <li>- Any new legal requirement;</li> <li>- Any other change that would have an impact on the procedure.</li> </ul>
Communication to the CSSF	Upon request of the CSSF

## General Definition

For the purpose of this Policy, the following definitions shall apply:

- (1) **AIF:** Alternative Investment Fund
- (2) **Board of Directors:** means the Board of Directors of SMC;
- (3) **Client:** is a third party (including its shareholders/investors) with which the SMC has a business relationship;
- (4) **SMC:** means SELECTRA Management Company;
- (5) **UCITS:** Undertakings for Collective Investment in Transferable Securities;
- (6) **RAIF:** Reserved Alternative Investment Fund.

## Definition of a conflict of interests

A conflict of interests occurs when an individual or organization is involved in multiple interests, one of which could possibly corrupt the motivation for an act in the other (the “Conflict of Interests” or “Conflicts of Interest”).

## Situation which could give rise to a Conflict of Interests

A Conflict of Interests can be identified when, as a general example, an employee / manager / director / conducting person or a person who can control directly or indirectly SMC:

- Can cause a profit or avoid a loss for SMC;
- Has an interest other than SMC’s one;
- Has financial or in kind advantages in pursuing interests other than SMC;
- Carries on the same activities for SMC and for another Client;
- Receives from a third part an inducement in relation to collective portfolio management activities provided to SMC in the form of monies, goods or services, other than the standard commission or fee for that service;
- Is likely to make a financial gain or avoid a financial loss at the expense of the Client;
- Has an interest in the outcome of a service provided to a Client or of a transaction carried out on behalf of a Client which is distinct from the Client’s interest in that outcome;

- Is encouraged, for financial reasons or other, to favour the interests of other Client over the interests of Client to whom the service is provided;
- Receives from a person other than the Client an advantage in connection with the service provided to him, in any form whatsoever, other than the commission or fee normally charged for this service.
- Within SMC, the same person carries out the duties (and/or has been engaged in the performance) concerning two or more functions in conflict with each other (i.e. the duties carried out as risk manager and those carried out as the portfolio manager).
- If SMC is a member of a group, the Policy shall also take into account any circumstances of which the SMC is or should be aware which may give rise to a Conflict of Interests resulting from the structure and business activities of other members of the group, including here any delegation of activities performed by a delegate, sub-delegate, external valuer or counterparty, including but not limited to separate collective portfolio management activities or other activities pursuant to Article 6(2) and (4) of Directive 2011/61/EU where such involvement may impair the proper management of Conflicts of Interest.
- Where SMC manages an open-ended AIF it shall identify, manage and monitor conflicts of interest arising between investors wishing to redeem their investments and investors wishing to maintain their investments in the AIF, and any conflicts between the AIFM's incentive to invest in illiquid assets and the AIF's redemption policy in accordance with its obligations under Article 14 (1) of Directive 2011/61/EU.

In all these cases, SMC shall implement an effective policy for managing Conflicts of Interest.

## **Identifying the Conflicts of Interest**

SMC has made the identification of situations that might bring up Conflicts of Interest taking into account the size, organization of SMC, the nature and complexity of the activity.

SMC has established internal procedures to prevent such conflicts or possible Conflicts of Interest.

## **Managing Conflicts of Interest (including disclosure)**

Managing Conflicts of Interest is based on the fundamental principle of the primacy of the interests of the Client. The implementation of these principles is the responsibility of each employee / manager / director / conducting person under the supervision of the Compliance Officer. The Conflicts of Interest are managed as follows:

- 1) The appearance of conflict must be reported by the employee / manager / director / conducting person concerned to the Compliance Officer;
- 2) The Compliance Officer shall analyse the question and may propose a solution that according to him will most favour the interests of the Client;
- 3) The Compliance Officer may request the opinion of the conducting persons and where necessary the opinion of the Board of Directors;
- 4) In case where the organisational or administrative arrangements made by SMC to manage Conflicts of Interest are not or have not been sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the fund or its investors will be prevented, the Compliance Officer shall inform the conducting persons (and where necessary the Board of Directors) in order to take any necessary decision and action to ensure that SMC acts in the best interest of the Client and treats the UCITS or

the AIF it manages in a fair manner and subsequently informs the Client about such situations and the decision taken by SMC. The transmission of such information shall be made by any durable medium considered appropriate. In addition, SMC shall indicate to the Client the reasons for its decision;

- 5) The Compliance Officer will propose to the conducting persons (and where necessary the Board of Directors) corrective actions to avoid whenever possible conflicts equivalent to the one which has just occurred;
- 6) The Compliance Officer maintains records of the specific conflict that occurred in the Conflicts of Interests register (the “Register”);
- 7) In case of further activity or change in the organization of SMC, the Compliance Officer shall record in the same Register Conflicts of Interest that might occur and procedures in place to avoid it.

## **Conflict of Interests Register**

The Compliance Officer fills the Conflict of Interests Register, and keeps it updated.

The Register includes:

- Type of Conflict of Interests;
- Description;
- Mitigation factor;
- Impact;
- Likelihood;
- Score.

The Senior Management of SMC shall receive on a regular basis, and at least annually, written reports on activities referred to Conflicts of Interests that have arisen or may arise.

## **Independence in Terms of Conflict Management**

Each of the relevant members of the Board of Directors and conducting persons of SMC adheres to the principles set in the code of conduct to prevent or control exchange of information among relevant persons of SMC when the same information could harm the interests of one or more shareholders.

Each of the relevant persons covers a specific area with specific tasks regulated by law or contracts. All entities to which activities are outsourced to are regulated by the CSSF or by equivalent regulators. In addition, all decisions are taken by the Board of Directors by majority and the Compliance Officer will supervise periodically all the activities to ensure that Conflicts of Interests are correctly handled.

There is no link between the remuneration of the persons involved in one activity and the remuneration of other relevant persons involved in another activity.

All decisions are taken by majority by the Board of Directors.

## **Management of Activities Giving Rise to a Conflict of Interest Adversely Affecting the Client of the SMC**

In case a Conflict of Interests rises among the corporate bodies and it is not possible to manage it, prompt information will be communicated to the Client of the SMC (i.e. SICAV, AIF or any third party with which the SMC has a business relationship):

- (i) Through publicity on SMC Website ([www.selectra.lu](http://www.selectra.lu)) and/or;
- (ii) Through a registered e-mail to the Client and/or its shareholders/investors.

The communication will include the following information:

- Reason(s) of the impossibility to avoid the Conflict of Interests by applying the existing Conflict of Interests procedures;
- Decision of the Board of Directors in relation to the relevant situation and reasons for such decision.

Copy of the communication will be stored by the Compliance Officer at SMC's Conflict of Interests Register and will be kept in the registered office of SMC.